

## SENATE BILL No. 258

---

### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5-7-23.

**Synopsis:** Library property tax replacement fund. Specifies that interest earned on money in Hancock County's library property tax replacement fund shall be credited to that fund. Specifies that petition and remonstrance procedures for bond issues apply to a public library that receives property tax replacement credits from the fund. Changes population parameters to reflect changes in the 2000 decennial census.

**Effective:** July 1, 2002.

---

---

**Gard**

---

---

January 7, 2002, read first time and referred to Committee on Governmental and Regulatory Affairs.

---

---

C  
o  
p  
y



Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

## SENATE BILL No. 258

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-3.5-7-23, AS ADDED BY P.L.124-1999,  
2       SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2002]: Sec. 23. (a) This section applies only to ~~a county~~  
4       ~~having a population of at least forty-five thousand (45,000) but not~~  
5       ~~more than forty-seven thousand (47,000): a county having a~~  
6       ~~population of more than fifty-five thousand (55,000) but less than~~  
7       ~~sixty-five thousand (65,000).~~

8       (b) The county council may by ordinance determine that, in order to  
9       promote the development of libraries in the county and thereby  
10      encourage economic development, it is necessary to use economic  
11      development income tax revenue to replace library property taxes in  
12      the county. However, a county council may adopt an ordinance under  
13      this subsection only if all territory in the county is included in a library  
14      district.

15      (c) If the county council makes a determination under subsection  
16      (b), the county council may designate the county economic  
17      development income tax revenue generated by the tax rate adopted



C  
o  
p  
y

under section 5 of this chapter, or revenue generated by a portion of the tax rate, as revenue that will be used to replace public library property taxes imposed by public libraries in the county. The county council may not designate for library property tax replacement purposes any county economic development income tax revenue that is generated by a tax rate of more than fifteen-hundredths percent (0.15%).

(d) The county treasurer shall establish a library property tax replacement fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the portion of the tax rate designated for property tax replacement credits under subsection (c) shall be deposited in the library property tax replacement fund before certified distributions are made under section 12 of this chapter. **Any interest earned on money in the library property tax replacement fund shall be credited to the library property tax replacement fund.**

(e) The amount of county economic development income tax revenue dedicated to providing library property tax replacement credits shall, in the manner prescribed in this section, be allocated to public libraries operating in the county and shall be used by those public libraries as property tax replacement credits. The amount of property tax replacement credits that each public library in the county is entitled to receive during a calendar year under this section equals the lesser of:

(1) the product of:

(A) the amount of revenue deposited by the county auditor in the library property tax replacement fund; multiplied by

(B) a fraction described as follows:

(i) The numerator of the fraction equals the sum of the total property taxes that would have been collected by the public library during the previous calendar year from taxpayers located within the library district if the property tax replacement under this section had not been in effect.

(ii) The denominator of the fraction equals the sum of the total property taxes that would have been collected during the previous year from taxpayers located within the county by all public libraries that are eligible to receive property tax replacement credits under this section if the property tax replacement under this section had not been in effect; or

(2) the total property taxes that would otherwise be collected by the public library for the calendar year if the property tax replacement credit under this section were not in effect.

The ~~state board of tax commissioners~~ **department of local government finance** shall make any adjustments necessary to account



for the expansion of a library district. However, a public library is eligible to receive property tax replacement credits under this section only if it has entered into reciprocal borrowing agreements with all other public libraries in the county. If the total amount of county economic development income tax revenue deposited by the county auditor in the library property tax replacement fund for a calendar year exceeds the total property tax liability that would otherwise be imposed for public libraries in the county for the year, the excess shall remain in the library property tax replacement fund and shall be used for library property tax replacement purposes in the following calendar year.

(f) Notwithstanding subsection (e), if a public library did not impose a property tax levy during the previous calendar year, that public library is entitled to receive a part of the property tax replacement credits to be distributed for the calendar year. The amount of property tax replacement credits the public library is entitled to receive during the calendar year equals the product of:

(1) the amount of revenue deposited in the library property tax replacement fund; multiplied by

(2) a fraction. The numerator of the fraction equals the budget of the public library for that calendar year. The denominator of the fraction equals the aggregate budgets of public libraries in the county for that calendar year.

If for a calendar year a public library is allocated a part of the property tax replacement credits under this subsection, then the amount of property tax credits distributed to other public libraries in the county for the calendar year shall be reduced by the amount to be distributed as property tax replacement credits under this subsection. The ~~state board of tax commissioners~~ **department of local government finance** shall make any adjustments required by this subsection and provide the adjustments to the county auditor.

(g) The ~~state board of tax commissioners~~ **department of local government finance** shall inform the county auditor of the amount of property tax replacement credits that each public library in the county is entitled to receive under this section. The county auditor shall certify to each public library the amount of property tax replacement credits that the public library is entitled to receive during that calendar year. The county auditor shall also certify these amounts to the county treasurer.

(h) A public library receiving property tax replacement credits under this section shall allocate the credits among each fund for which a distinct property tax levy is imposed. The amount that must be



C  
o  
p  
y

allocated to each fund equals:

- (1) the amount of property tax replacement credits provided to the public library under this section; multiplied by
- (2) the amount determined in STEP THREE of the following formula:

STEP ONE: Determine the property taxes that would have been collected for each fund by the public library during the previous calendar year if the property tax replacement under this section had not been in effect.

STEP TWO: Determine the sum of the total property taxes that would have been collected for all funds by the public library during the previous calendar year if the property tax replacement under this section had not been in effect.

STEP THREE: Divide the STEP ONE amount by the STEP TWO amount.

However, if a public library did not impose a property tax levy during the previous calendar year or did not impose a property tax levy for a particular fund during the previous calendar year, but the public library is imposing a property tax levy in the current calendar year or is imposing a property tax levy for the particular fund in the current calendar year, the ~~state board of tax commissioners~~ **department of local government finance** shall adjust the amount of property tax replacement credits allocated among the various funds of the public library and shall provide the adjustment to the county auditor. If a public library receiving property tax replacement credits under this section does not impose a property tax levy for a particular fund that is first due and payable in a calendar year in which the property tax replacement credits are being distributed, the public library is not required to allocate to that fund a part of the property tax replacement credits to be distributed to the public library. **Notwithstanding IC 6-1.1-20-1.1(1), a public library that receives property tax replacement credits under this section is subject to the procedures for the issuance of bonds set forth in IC 6-1.1-20.**

(i) For each public library that receives property tax credits under this section, the ~~state board of tax commissioners~~ **department of local government finance** shall certify to the county auditor the property tax rate applicable to each fund after the property tax replacement credits are allocated.

(j) A public library shall treat property tax replacement credits received during a particular calendar year under this section as a part of the public library's property tax levy for each fund for that same calendar year for purposes of fixing the public library's budget and for



C  
o  
p  
y

1 purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

2 (k) The property tax replacement credits that are received under this  
3 section do not reduce the total county tax levy that is used to compute  
4 the state property tax replacement credit under IC 6-1.1-21. For the  
5 purpose of computing and distributing certified distributions under  
6 IC 6-3.5-1.1 and tax revenue under IC 6-5-10, IC 6-5-11, IC 6-5-12,  
7 IC 6-5.5, or IC 6-6-5, the property tax replacement credits that are  
8 received under this section shall be treated as though they were  
9 property taxes that were due and payable during that same calendar  
10 year.

C  
o  
p  
y

